

Message Text

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PAGE 01 LAGOS 10089 010937Z

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ACTION EB-06

INFO OCT-01 AF-04 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-05

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 6639

C O N F I D E N T I A L LAGOS 10089

E.O. 11652: GDS

TAGS: ENRG, NI

SUBJ: NIGERIAN GOVERNMENT CRUDE OIL SALES INCREASE

REF: LAGOS 7044 OF JULY 30, 1974

1. INDICATIONS REPORTED REFTEL THAT NIGERIANS WERE AT LAST BEGINNING SIGN SALES CONTRACTS FOR GOVERNMENT CRUDE OIL HAVE BEEN CONFIRMED BY SEVERAL RECENT REPORTS LISTED HERE ROUGHLY IN ORDER OF THEIR RELIABILITY.

2. FIRST LIFTING OF GOVERNMENT OIL FROM BRASS TERMINAL TOOK PLACE OCTOBER 28 BY TANKER BOUND FOR CORPUS CHRISTI. OTHER TERMINALS HAVE RECEIVED TANKER NOMINATIONS FOR NOVEMBER.

3. CITIES SERVICE EXECUTIVE CONFIDENTIALLY CONFIRMS THAT HIS FIRM HAS SIGNED PURCHASE CONTRACT ALTHOUGH FINAL DETAILS NOT YET COMPLETE (SEE REFTEL).

4. GOVERNMENT NEWS RELEASE ABOUT OIL PRICES (REPORTED LAGOS 9407) REFERRED TO MEETING OCTOBER 5 WITH COMMISSIONER OF MINES AND POWER OF AN UNNAMED OIL COMPANY "WHO CAME TO SIGN
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PAGE 02 LAGOS 10089 010937Z

AN AGREEMENT WITH NNOC FOR THE SUPPLY OF CRUDE OIL."

5. NNOC CORPORATION SECRETARY INTERRUPTED CONVERSATION OCTOBER 7 BETWEEN EMBOFF AND SENIOR MMP OFFICIAL TO REPORT THAT THE COMMISSIONER WAS UNHAPPY TO HAVE JUST LEARNED THAT FIRM WITH WHOM HE RECENTLY SIGNED A SALES CONTRACT HAD BEEN BLACK-LISTED BY MINISTRY SEVERAL MONTHS EARLIER. THEY AGREED THAT THE NEWLY-SIGNED CONTRACT WAS WISE AND THAT THE COMMISSIONER COULD PROBABLY BE TALKED OUT OF WANTING TO ABROGATE IT.

6. EMBASSY HAS OBTAINED COPY OF 19-PAGE 2-YEAR CONTRACT FOR 50,000 B/D NEGOTIATED IN JUNE WITH URICH OIL COMPANY OF WHITTIER, CALIFORNIA. SOURCE OF UNCERTAIN RELIABILITY BELIEVES URICH LIFTINGS WILL BEGIN NOVEMBER 20, PRICE IS \$11.79 PER BARREL, AND OIL WILL BE REFINED IN US BY KOCH REFINING COMPANY.

7. COMMENT: NIGERIANS NOW APPEAR TO BE SELLING MORE THAN TOKEN QUANTITIES OF GOVERNMENT OIL, BUT THE VOLUME HAS NOT YET BEGUN TO APPROACH THE 13.75 PERCENT OF TOTAL PRODUCTION (ABOUT 300,000 B/D) WHICH CURRENTLY REMAINS FOR THE GOVERNMENT TO SELL AFTER THE PRODUCING COMPANIES TAKE BUY-BACK AND "OPTION" OIL. KNOWING THAT 30.25 PERCENT OF TOTAL PRODUCTION (ABOUT 700,000 B/D) WILL BE AVAILABLE TO THE GOVERNMENT STARTING JANUARY 1, THE NIGERIANS HAVE PROBABLY HAD TO SHAVE SOMETHING OFF THE PRICE AND TO DEAL WITH SOME MARGINAL FIRMS IN ORDER TO START BUILDING UP THE VOLUME OF THEIR DIRECT SALES.
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